

A Better Fidelity Bond for Your Employee Benefit Plan

ERISA FIDELITY BONDS

Does your fidelity bond comply with ERISA? Many bonds do not.

The Department of Labor is actively auditing employee benefit plans to review whether plans have secured a fidelity bond that meets Employee Retirement Income Security Act (ERISA) standards. The Department has discovered that many industry-standard bonds do not meet the ERISA fraud and dishonesty standard. Policies that cover only employee “theft” are narrower in scope of coverage, and fail to satisfy ERISA Sections 412 (a) and (b).

When it comes to protection from employee theft or dishonesty, cheaper is not always better. A non-compliant bond can expose trustees to losses and claims of breach of fiduciary duty. Some bonds fail to cover all necessary parties. Other bonds fail to provide full coverage for fraud and dishonesty as required by ERISA. And not all fidelity bonds have the necessary coverage for today’s electronic world.

Encore’s (Formerly Euclid Fiduciary) fidelity bond provides a better bonding solution. In trust fund audits, the Department has validated that the Encore fidelity bond complies with ERISA’s fraud and dishonesty standard. Moreover, Encore goes beyond the ERISA standard to provide coverage for any person who handles plan assets — even when they are not required to be bonded under ERISA. This is the broadest coverage available in the market.

Fiduciaries must make prudent decisions to protect their employee benefit plans. Prudent fiduciaries need a better fidelity bond. Find out why Encore Fiduciary is the prudent choice for the insurance needs of employee benefit plans.

Many plans have fidelity bonds that do not comply with ERISA, exposing trustees to potential liability. The Encore Fiduciary fidelity bond meets and exceeds the ERISA standard.

« Program Highlights

- Whereas **many crime policies only cover employees for employee theft**, “employee” is broadly defined in the Encore policy to include “any other natural person who handles Employee Benefit Plan assets, whether or not required to be bonded...” This is the broadest scope of coverage available in the market.
Coverage is provided beyond standard “employee theft” language to cover “fraud or dishonesty” that meets the ERISA standard.
No retention for ERISA Plans for Employee Theft.
- **Cyber Deception (Payment Instruction Fraud) coverage is available.** This valuable option provides coverage for “the intentional misleading or deception of an Employee through social engineering, pretexting, phishing or any other confidence trick communicated by email, text, instant message, telephone or other electronic means.”\
- **Additional coverage available** beyond the typical fidelity bond for:
 - Depositors Forgery or Alteration
 - Inside and Outside the Premises — Money, Securities and Other Property
 - Computer and Funds Transfer Fraud
 - Money Orders and Counterfeit Currency

- Investigative Expenses sublimit included which covers expenses paid by Insured in establishing existence and amount of any direct loss.
- Policy limits available up to \$10 million. ERISA requires plan officials to be bonded for at least 10% of the funds handled up to \$500,000. Plans holding employer securities are required to maintain a \$1,000,000 limit.
- Three-year policies are available with annual installment or pre-pay options.
- Primary and Excess options available.

◀ Our Carrier

Policy offered on admitted basis through Hudson Insurance Company, one of the most dedicated carriers for employee benefit plans. Hudson has an A.M. Best rating of "A+" (Superior), financial size category XV (\$2.0 billion or greater) and is a Department of Treasury approved surety, which is a requirement of ERISA.

◀ Fiduciary Liability Insurance

Fidelity bonds are offered with Encore's Fiduciary Liability Insurance policy for comprehensive protection of employee benefit plans. Limits are available up to \$15 million on a primary or excess basis. Features include a "duty to defend and choice of counsel" form, coverage for voluntary compliance programs, settlor coverage, expansive penalty coverage, an umbrella of penalty coverage — the Encore Penalty box — and miscellaneous/other penalty coverage. Fiduciary insurance is also offered through Hudson Insurance Company, which is an advantage to have the same carrier offering both products.

Make the Prudent Choice

Encore Fiduciary specializes in fiduciary and other management liability insurance for multiemployer, single-employer, governmental and other non-profit employee benefit plans, with over 15,000 policies issued in this niche. Known for our expertise and thought leadership in protecting Insureds from complex liability, we also offer Directors & Officers Liability, Employment Practices Liability, Cyber Liability and Crime Insurance Coverages to employee benefit plans and plan officials.

Please note: This brochure provides an overview of coverages available. It does not replace or change the policy. Coverage will be dictated by your policy's specific terms and conditions. Products may not be available in all states. Encore Fiduciary, Division of [Specialty Program Group, LLC](#). Doing business in California as SPG Insurance Solutions License No. 0L09546 - ERISA Fidelity Bonds 01/2024

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Euclid Fiduciary is Now Encore Fiduciary

To learn more about the story behind the rebranding, changes and FAQs.

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